IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of

Art Unit: 2624

Confirmation No.: 4658

Reed et al.

Application No.: 10/613,913

Filed: July 3, 2003

VIA Electronic Filing

For: COLOR ADAPTIVE WATERMARKING

Examiner: G. Desire Date: May 9, 2008

STATEMENT RESPONDING TO REASONS FOR ALLOWANCE

Sir:

This statement is filed pursuant to 37 C.F.R. 1.104(e) ("Reasons for Allowance"), and is responsive to the Examiner's statement of reasons for the indication of allowable subject matter in the Notice of Allowability dated February 12, 2008.

Applicant respectfully submits that the allowability of the claims does not hinge on isolated elements thereof. Rather, the claims are believed patentable because, when viewed as a whole, they define combinations that are neither anticipated by, nor obvious over, the prior art.

Date: May 9, 2008

Respectfully submitted,

CUSTOMER NUMBER 23735

DIGIMARC CORPORATION

Phone: 503-469-4800 FAX 503-469-4777

Steven W. Stewart

Registration No. 45,133